State Funding Formula – CASE RATES

- State allocation sent to counties based on numbers of enrolled consumers

- Dollar amount per consumer would vary depending on the consumer's score, arrived at by looking at a number of factors:
  - Functional Assessment
  - Living Arrangement (group home, parents, etc)
  - Employment/Education status
  - And others (there are a variety of models that we have reviewed).

- It is important to get the dollar amount right. It would be important that counties would start at rate levels close to their current actual costs. Significant testing would need to be done to arrive at the right amount.

- Each county would receive a monthly payment equal to the sum of established case rate times the number of individuals enrolled in each rate cell during the previous month.

Example
Fictitious County, Iowa

Rate Cell*	# enrollees)	Rate	Annual Allotment
75 - 100	100	$1	$100
50-74	200	$2	$400
25-49	300	$3	$900
0-25	1	$4	$4
Total	**601**	**NA**	**$1,404**

(*More cells likely)

- Once allotted to the county, the funds become un-restricted. That is, the funds may be used for any consumer and service included in the County Management Plan. It will be up to each county to decide how to commit the funds to services on an individualized basis to specific consumers.

- It would also be important for counties to have expanded access to the risk pool, to assist counties that have existing or new cost "outliers" that cannot be reasonably accommodated within the average cost structure.
- County levy funds would be blended with the state allotment, just as is now done.

- Each county would be required to have sufficient cash on hand to cover the following: cash flow of current service expenses (at least one month of service expenses so that providers can be paid before state funds are distributed to counties), building maintenance and repair, investments in new programs, and a local risk pool which will cover extraordinary expenses while a county is preparing an application to the statewide risk pool. Counties exceeding a maximum cash reserve level would receive a reduced state allocation.

- The following factors must be considered in calculating the distribution of funds outside case rates:

  - Adjustments for county ability to levy based on (a) available taxable assessed valuation and (b) average per capita income
  - Adjustments to small counties for the fixed costs of administration/infrastructure
  - Core funding for crisis response/hospital diversion services, which must have base funding regardless of enrollment or utilization.
  - A small set-aside of funds for each county or group of counties for prevention, consultation and education, outreach, and disaster planning and response.

- Incentives could be provided to counties for coordination, collaboration, and joint infrastructure development, such as the formation of regional administrative alliances or collaborative network management.

PROS

Less complex than current formula
Eliminates issues related to legal settlement
Updated technology allows quicker tracking of data

CONS

Difficult to arrive at the right dollar amount
Less populous counties have more difficulty making it work
Across the board cuts would be a major problem